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SUBJECT: NEA A/S WELCH DISCUSSION OF IRAN AT THE FRENCH MFA, JUNE 12, 2008

Classified By: Political Minister Counselor Josiah Rosenblatt for reasons 1.4. (b), (d).

¶1. (SBU) NEA A/S Welch held extensive bilateral consultations on key NEA issues with French MFA counterparts in Paris on June 12. This cable focuses on Iran; other topics reported septel (notal). Participants included:

USG

--NEA A/S David Welch
--Deputy Legal Adviser Jonathan Schwartz
--Embassy Paris Political Minister Counselor Josiah Rosenblatt
--Embassy Paris NEA Watcher (notetaker)
--NEA Staff Assistant Mustafa Popal

GOF

--French MFA NEA A/S-equivalent Jean Felix-Paganon
--French MFA NEA Adviser to the Foreign Minister, Christophe Bigot
--French MFA IO Adviser to the Foreign Minister Alice Guittot
--French MFA DAS-equivalent for Iran/Iraq/Arabian Peninsula Franck Gellet
--French MFA IO desk officer for NEA Salina Grenet
--French MFA Iraq desk Officer Olivier Masseret (notetaker)

¶2. (C) When asked about French expectations from the visit by EU Higher Representative Solana to Tehran, French MFA NEA A/S-equivalent Felix-Paganon predicted Iran would not reject Solana's offer out of hand but would temporize in a way that reflected their "wait-and-see" mode vis-a-vis the U.S. elections. In the meantime, the Iranians are adding centrifuges to create more in the way of an eventual fait accompli as far as their nuclear program is concerned. France interpreted the recent Iranian parliamentary elections as confirmation of conservative strength and proof the moderates' influence had long ago crested. Larijani's surprise election as parliament speaker, however, underscored the factionalism among conservatives. Felix-Paganon described Iran's economy as in a shambles. President Ahmadini-Nejad's clique is under serious pressure over its disastrous policies. Jockeying is intensifying for next year's presidential election, since Ahmadini-Nejad's reelection is not a given. France is seeing signs of a multitude of "conservative" foreign and domestic policy platforms emerging. Unfortunately, Felix-Paganon repeated, the threshold for Iran's nuclear program continues to rise along with the complexity of confronting it.

¶3. (C) Welch asked how we should respond if Iran rejects the latest P-5 1 offer? Felix-Paganon urged caution while the P-5 1 political directors gathered to discuss what to do next. In his view, the Iranian response will be aimed at buying time, which could be relatively easy with the approach of summer and the American political calendar over the next

few months. When asked what steps the EU might take in response to this move to buy time, Felix-Paganon argued that Iranian leaders approach Iran's economic problems much differently than we do. They tend to believe that the problems stem from Ahmadinejad's bad economic policies more than they do from international sanctions. Welch agreed inasmuch as they will focus on what likely presents the best scapegoat for Iran's woes without damaging Iran's prestige. Exactly, Felix-Paganon replied, which raises the question of how to play on Iran's internal political debates. He increasingly believes that additional broad sanctions would have limited utility and that we must think more of alternative options, for example, how to close off loopholes in existing sanctions. Felix-Paganon suggested keeping a close eye on vulnerabilities in the oil and gas industries as well as the danger of Russia and Iran reaching some sort of bilateral gas deal.

¶4. (C) In answer to Welch's question as to the prospect for further EU sanctions should the Solana mission fail, Felix-Paganon said it would depend on the Iranian rejection. A flat no might prompt some sort of tough EU response. A more temperate Iranian response, however, would leave the situation pretty well unchanged in terms of EU inaction. Better, in his view, is to focus on other sanction possibilities, such as the ones the political directors are examining that would target transportation insurance and gasoline exports to Iran.

¶5. (C) Welch asked for French views on the MEK. Felix-Paganon answered that France would try to keep MEK on the EU's list of designated terrorist entities. There are

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some legal difficulties for France to do so, but French intelligence services felt strongly on this matter. Bigot mentioned the strong pro-MEK lobby in France and the EU as an obstacle. If there is a unified view within the EU, according to Felix-Paganon, maintaining the designation should not pose a major problem, but there must be unanimity.

In response to Welch's comment, Felix-Paganon confirmed that France was seeking to maintain the status quo but now had to come forward to replace the UK by itself designating the MEK a terrorist group. Paris was buying time to settle internally the legal issues involved as well as declassify the information needed to support its case. When asked what impact the removal of the designation would have in Iran, Felix-Paganon asserted the MEK is hated in Iran, so such an event would be a golden opportunity for Ahmadinejad to rally nationalistic sentiment to his side.

¶6. (C) DAS-equivalent Franck Gellet took the occasion to note that France continued to wait for a definitive response from the USG to its request made in Washington and repeated recently in Paris for a list of the names of MEK detainees released several weeks ago from U.S. control. Although these detainees were released for supposedly having "repented," France remained concerned that they would seek to join relatives in France. There were already indications that some had gotten into Europe and may even be in France. Embassy NEA Watcher reviewed the latest responses he had from Washington indicating that the Department was trying to obtain the desired information from other concerned agency representatives in Iraq. To emphasize French concerns, Felix-Paganon described how, in the GOF's view, many MEK members are brainwashed: "They are like a cult."

¶7. (U) A/S Welch has cleared this cable.

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